Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

222

FOR RELEASE
APR. 14, A. M.

THE Farm Cost SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

FCS-12 BAE MARCH 1952

Approved by Outlook and Situation Board, April 4, 1952

CONTENTS

	Page		Page
General Situation	1	Fertilizer	13
Farm Labor	6	Building Materials, Supplies and Containers	15
Farm Power and Machinery	7	Pesticides	15
Feed	8	Interest, Taxes, and Insurance ...	16
Seeds	11		

GENERAL SITUATION

Prices farmers pay for goods and services used in farm production will average higher in 1952 than in 1951. Supplies of most items are expected to be sufficient to permit high farm output, although some kinds of fertilizer probably will be short of what farmers would purchase if larger quantities were available and it may be difficult to find enough farm workers for seasonal jobs in some local areas.

Prices paid for all items used in farm production in the first three months of 1952 averaged 4 percent higher than a year earlier. Among the major groups of commodities, only feeder and replacement livestock and some of the materials used in building construction and repairs were

Goods and services used in production: Prices paid by farmers and farm wage rates, United States

(Index numbers 1935-39=100)

Year	Commodities, interest, taxes and wage rates	Commodities only	Feed	Live-stock	Motor supplies	Motor vehicles	Farm machinery	Farm supplies	Building and fencing materials	Ferti-lizer	Seed	Wage rates 1/
1910	75	78	93	74	---	---	65	69	69	96	78	79
1911	77	79	94	69	---	---	65	71	71	96	90	81
1912	81	82	98	77	---	---	65	71	71	98	98	83
1913	81	81	92	90	---	---	65	73	70	99	81	86
1914	83	82	97	93	---	---	65	73	64	100	75	83
1915	84	84	96	92	---	---	67	78	70	106	75	83
1916	93	93	104	100	---	---	71	86	81	121	104	93
1917	121	126	167	128	---	---	80	115	94	133	138	117
1918	140	145	178	146	---	---	101	149	111	169	149	146
1919	153	157	198	148	---	---	105	157	130	178	170	170
1920	162	157	198	130	---	---	108	156	141	177	202	199
1921	118	103	100	71	---	---	105	135	108	149	104	129
1922	119	102	108	87	---	---	93	116	110	125	100	127
1923	128	111	129	90	---	---	97	120	110	131	105	142
1924	129	113	132	94	125	88	101	125	111	124	107	150
1925	131	117	136	100	133	89	101	124	113	136	122	150
1926	128	114	116	106	138	87	101	125	112	135	142	151
1927	129	114	122	119	123	89	101	122	110	118	125	152
1928	132	119	132	146	120	90	101	123	109	128	111	152
1929	132	118	130	143	119	92	100	122	110	127	113	154
1930	124	109	116	106	113	89	99	120	107	124	110	146
1931	106	91	82	74	96	89	98	111	95	112	88	115
1932	92	80	61	61	95	88	93	98	87	98	57	86
1933	87	80	70	56	93	87	90	91	90	91	61	73
1934	94	92	98	56	99	92	94	96	101	103	88	82
1935	98	98	101	94	99	93	97	96	99	102	105	88
1936	99	99	104	90	100	97	98	97	98	97	93	94
1937	106	107	118	102	102	101	100	102	102	101	130	107
1938	100	98	89	101	101	107	103	104	101	100	94	107
1939	98	98	88	113	98	102	102	101	100	100	78	105
1940	100	99	95	115	96	101	100	104	101	96	86	107
1941	106	105	103	130	99	107	101	111	108	96	82	125
1942	122	119	126	152	106	116	107	123	118	107	111	163
1943	138	132	149	173	109	121	111	137	123	114	139	217
1944	148	140	165	163	111	131	114	144	131	116	158	263
1945	155	142	164	178	111	135	115	146	134	118	162	297
1946	168	154	190	202	113	139	119	147	146	119	167	320
1947	191	181	225	252	124	161	135	159	191	131	192	346
1948	211	202	238	312	138	181	157	169	212	143	223	365
1949	203	192	196	277	140	199	176	176	210	147	202	354
1950	209	199	200	324	144	200	180	176	215	141	194	352
1951	231	220	225	396	150	213	194	189	239	149	197	388
Jan.	223	213	219	381	---	203	---	---	---	---	---	372
Feb.	227	218	222	407	---	---	---	---	---	---	195	
Mar.	229	221	224	415	150	212	188	183	239	---	195	
Apr.	234	223	225	426	---	---	---	184	---	149	198	396
May	233	221	227	392	---	---	---	---	---	---	197	---
June	232	220	222	394	150	---	197	191	241	---	---	---
July	231	219	221	389	---	213	---	---	---	---	---	393
Aug.	231	220	221	392	---	---	---	---	---	---	---	---
Sept.	233	222	223	402	149	213	198	194	239	150	199	---
Oct.	233	223	227	404	---	216	---	---	---	---	---	393
Nov.	234	223	233	389	---	218	---	---	---	---	---	---
Dec.	233	222	240	356	152	219	199	195	240	---	---	---
1952												
Jan.	237	224	242	370	---	219	---	---	---	---	---	412
Feb.	240	227	243	376	---	224	---	---	---	---	219	---
Mar.	240	227	242	372	---	---	---	---	---	---	218	---

1/ Simple average of quarterly indexes seasonally adjusted.

Note: For a list of items included in this table see "Agricultural Prices," Bureau of Agricultural Economics, October 30, 1951.

below 1951 levels. The relatively short feed supply compared with the number of livestock to be fed tended to depress prices of feeder and replacement livestock. Prices of building materials were down, partly because of credit restrictions which require higher down payments on new homes and partly because of relatively high output of building materials. Prices of both groups of products are expected to continue below last year. Prices of all other groups range from 4 to 14 percent above the first quarter of 1951 and are expected to continue higher than in 1951 for the remainder of the year.

For the country as a whole farmers' total production expenses in 1952 probably will average about 5 or 6 percent higher than in 1951, and the highest on record. They have risen in almost every year since 1938, as both cost rates and quantities of items used in production have increased. Total farm output in 1951 was about 39 percent higher than in 1935-39 and farm output in 1952 is expected to continue high.

Farm wage rates in January 1952 were about 11 percent higher than a year ago, and for the year as a whole probably will average 5 to 10 percent higher than in 1951. The supply of farm workers will be smaller than in 1951, and shortages are probably in local areas. In general, however, the labor supply is expected to be adequate for high agricultural production. But to get the job done it will be necessary to make good use of labor-saving devices and techniques, to make full utilization of each worker and to have effective recruitment and placement programs.

In the first three months of 1952, prices of new machinery and motor vehicles averaged about 6 and 8 percent higher than during the first quarter of 1951, and probably will remain near present levels throughout 1952. Production of farm machinery is expected to be somewhat below the comparatively high level of 1951, but supplies of most types will be sufficient to meet farmers' needs. Prices of motor supplies and machinery parts are expected to be only slightly higher than in 1951.

Prices paid for feed were about 9 percent higher during the first three months of 1952 than in the same period in 1951. Although the price of corn was not much above a year ago, prices of most by-products feeds averaged from 10 to 15 percent higher. Prices of hay were a fifth higher in most western and southern States. Livestock prices generally are below a year ago and returns for meat animals per unit of feed fed probably will average lower than in 1951. Prices for milk and butterfat are higher than a year ago. The feed supply in relation to livestock to be fed during the next few months is comparatively tight, and will continue so unless the 1952 feed crop is large.

Retail prices of many seeds averaged higher in March 1952 than a year ago. Supplies of most legume and grass seeds at the close of the 1951 harvest averaged about 9 percent smaller than the record supply a year earlier, but were nearly half again as large as the 10-year average.

Fertilizer prices this spring probably will average 4 to 5 percent higher than last fall. The total supply of fertilizers for the 1952 crop season probably will be only a little above a year ago and may not be enough to supply all that farmers would like to buy. But supplies will be sufficient to maintain production at comparatively high levels. The supply of nitrogen fertilizer for the 1951-52 season is expected to be about 7 percent above a year earlier and that of potash about 5 percent higher. Mostly because of the continued shortage of sulphur and sulphuric acid, the supply of phosphate fertilizers for the 1951-52 season probably will be about 6 percent less than last year.

Prices paid by farmers for building and fencing materials have changed little during the past 12 months, but they have averaged about 5 percent higher than in 1950. Prices of a few items, including lumber, some of which declined slightly in the last half of 1951, may advance some during 1952 but most items will be more plentiful than had been expected earlier and some prices may decline. Supplies of containers are expected to be adequate to meet farm requirements in 1952.

Manufacturers' prices of most pesticidal materials also have remained almost unchanged during the past year. With the exception of products containing copper and sulphur, supplies are expected to be generally adequate. Stocks on hand appear to be larger than a year ago, but farmers should place their orders early to assure having the materials on hand when needed. The total consumption of pesticides in 1952 is expected to be somewhat higher than in 1951.

Tax rates on farm real estate and personal property are higher than a year ago. Preliminary indications are that farm real estate taxes levied in 1951 and payable largely in 1952 will average 3 or 4 percent higher than in the preceding year. Interest rates on farm loans are slightly higher than a year ago, and debts outstanding at the beginning of 1952, both real estate and non-real estate, were considerably larger than a year earlier.

Farm Labor

A smaller supply of farm labor and a further increase in farm wage rates are expected in 1952. Farm wage rates in January 1952 were 11 percent above those in January 1951. Wages for 1952 as a whole are expected to average 5 to 10 percent above last year (table 1).

Table 1.- Farm wage rates and related data, United States, 1935-39 average and 1940-51

(Index numbers, 1935-39 = 100)

Period or year	Farm employment			Man-hours of farm work 2/	Farm output 3/		Gross farm income per man-hour 4/	Farm wage rates 5/
	Total 1/	Family 1/	Hired		Total	Per man-hour		
1935-39	100	100	100	100	100	100	100	100
1940	100	99	103	98	110	112	107	107
1941	98	97	101	97	114	118	136	125
1942	98	97	101	101	128	127	177	163
1943	97	97	96	100	125	125	220	217
1944	95	97	88	100	130	130	232	263
1945	93	96	83	95	129	136	257	297
1946	95	98	85	93	134	144	300	320
1947	96	98	88	91	129	142	364	346
1948	95	96	91	90	141	157	371	365
1949	92	93	89	90	140	156	343	354
1950	89	90	85	84	138	164	376	352
1951	86	87	81	86	139	162	420	388

1/ Includes farm operators and members of their families working without wages.

2/ Total man-hours of farm work in terms of the time required by average adult male workers.

3/ Net calendar-year production for eventual human use.

4/ Because of the increase in volume of output and the increase in the price of farm products, gross farm income per man-hour has increased somewhat more than farm wage rates from the prewar years of 1935-39 to 1951.

5/ Simple average of quarterly indexes seasonally adjusted.

There will be difficulty in getting enough seasonal workers in some local areas and the supply of year-round workers will continue tight in many local areas. In general the labor supply is expected to be adequate for continued high-level agricultural production but to get the job done it will be necessary to make good use of labor-saving devices and techniques, to make full utilization of each worker and to have an effective recruitment and placement program.

Some further loss of farm workers to both industry and the armed forces is in prospect this year. Employment in defense industries may increase by more than 2 million in 1952. Part of this increase in defense employment will come from normal growth in the labor force and part from drawing extra workers such as housewives, retired persons, and others into the labor force. The rest will come chiefly through shifts from other industries, including agriculture.

Although we have almost reached the authorized strength of 3.5 million in the armed forces, and there will be little net change in inductions from farms, there will be movements into and out of the armed forces under the operation of a rotation system. This will continue to present serious problems to agriculture, and many farmers will still face the problem of replacing workers who may be drafted.

Workers from Mexico, Puerto Rico, the Caribbean Islands and Canada will again be employed to supplement local supplies of seasonal workers in many areas.

Farm Power and Machinery

Prices of machinery, excluding motor vehicles, rose about 9 percent in the last half of 1950. Since then there have been only moderate price increases. Prices in February 1952 were about 12 percent higher than in June 1950, and the highest on record. Prices of motor vehicles have risen slightly faster in recent months than have prices of other machinery. Since 1941, however, prices of new machinery have increased less than prices of farm products, farm incomes and farm wage rates. This relationship has been favorable to increased purchases of machinery. With large acreages of the major crops, high farm incomes and short supplies of farm labor in prospect in 1952, farmers probably will continue to purchase a large volume of new machines and equipment.

Production of farm machinery in 1952 probably will be moderately below the average of the past four years. Initial material allotments to the farm equipment industry for the first two quarters of 1952 would have permitted production at 80 to 85 percent of the requirements. However, an easing in the material supply situation has permitted modest increases in these allotments. Thus, it appears probable that production of farm machinery in 1952 may be only moderately below the rates of recent years. Sufficient machinery and equipment is in prospect to meet most of the current demands and to maintain agricultural production at a high level. The tightest spot in the equipment picture will be crawler tractors.

Complete data on farm machinery production in 1951 are not yet available. However, preliminary indications, based on the production of wheel and crawler tractors and related items, indicate that production of farm machinery and equipment in 1951 was probably higher than for any previous year.

Exports of farm machinery in 1951, in terms of dollars, were higher than for any previous year. In terms of actual volume, these exports were about 15 percent higher than the 1950 exports, but were about 3 percent below those of 1949. Foreign outlets are expected to continue to take a large volume of American machines and equipment in 1952. However, it is likely that the volume of exports in 1952 will be below the high 1951 exports.

Total volume of power and machinery (including workstock) on U.S. farms is now a record high. On January 1, 1951 it was about 70 percent higher than the average of the prewar years 1935-39 (table 2). This increase has taken place, despite a decrease during that period of about 52 percent in the numbers of horses and mules 3 years old and over.

Prices for workstock have been low and the size of the colt crop has continued to decrease. The 1951 colt crop of 122,000 head was the smallest in more than a century. Colt crops of this size would maintain a total horse and mule population of around 2,000,000 head. There were around 6,300,000 head of farm horses and mules of all ages on farms, January 1, 1952. About 93 percent were work animals (3 years old and over). Numbers of work animals on farms January 1, 1952 were only 28 percent as large as the peak number of 1923 and 48 percent of the January 1, 1940 number.

The number of all kinds of tractors on farms January 1, 1952, including garden tractors, probably was about 4,250,000. A comparatively large number of old machines have been discarded in recent years. Dealers' stocks of new farm machinery on January 1, 1952 probably are higher than a year earlier.

Feed

Stocks of feed grains on January 1 were down 10 percent below a year earlier, and the carry-over this fall probably will be down a third from last year. Twelve percent more beef cattle, 2 percent more fall pigs being marketed, 9 percent fewer spring pigs expected to be farrowed, 3 percent more chickens in laying flocks, fewer farm chickens to be raised but a continued expansion in broilers and turkeys total up to about 2 percent more grain-consuming livestock for the year beginning last October.

Prices received by farmers for feed grains and hay in March averaged about 6 percent above those last fall (table 3). Although corn was not much higher, most byproducts feeds including the oil seed meals averaged 10-15 percent higher. The price of hay was up more than 20 percent in most Southern and Western States. The increases in feed prices

Table 2.- Farm power and machinery and related data, United States, 1935-39 average and 1940-51

(Index numbers 1935-39 = 100)

Year or period	Number on farms, January 1 1/						Volume on farms, January 1 2/		Gross farm income calendar year 3/	Prices received by farmers
	Horses and mules all ages	Work stock 3 years old and over	Colts under 1 year of age	Tractors	Automobiles	Motortrucks	All machinery and equipment other than tractors and other motor vehicles	All farm power (including work animals) machines and equipment		
1935-39	100	100	100	100	100	100	100	100	100	100
1940	92	89	101	124	106	108	119	106	105	93
1941	90	87	98	135	111	113	126	110	132	115
1942	87	84	85	152	120	119	140	116	179	148
1943	84	83	69	169	112	132	157	121	220	179
1944	80	81	62	178	107	142	161	121	232	183
1945	76	77	54	195	106	153	176	126	244	193
1946	71	73	42	206	109	159	193	130	279	219
1947	64	67	35	220	112	175	214	136	331	257
1948	59	62	31	240	108	195	247	145	334	266
1949	54	57	28	266	110	212	280	156	309	233
1950	49	52	23	291	108	227	303	163	316	239
1951	45	48	19	317	108	234	324	170	361	282
1952 4/	40	43	16							

1/ The 1935-39 average was for horses and mules all ages, 15,750,000 head; for workstock 13,700,000 head; for colts 744,000 head; for tractors 1,244,000; for automobiles 3,896,000; and there were 973,000 motortrucks.

2/ In terms of 1935-39 prices.

3/ Includes Government payments.

4/ Preliminary.

Table 3.- Average prices of feeds in the United States, March 15, 1952 with comparisons

Item	Unit	March 15, 1950	March 15, 1951	Sept. 15, 1951	March 15, 1952
Prices received by farmers					
Corn	Bushel	$ 1.19	$ 1.60	$ 1.65	$ 1.65
Oats	do.	.72	.92	.78	.89
Barley	do.	1.10	1.34	1.17	1.36
Sorghum grain	Cwt.	1.93	2.12	2.12	2.52
Hay, baled	Ton	21.20	23.10	21.30	25.10
Feed grains and hay, Index number (1935-39=100)		183	232	227	241
Prices paid by farmers					
Mixed dairy feed 16%	Cwt.	3.41	4.07	4.07	4.43
Laying mash	do.	4.34	4.92	4.94	5.29
Cottonseed meal	do.	3.74	4.89	4.40	5.06
Soybean meal	do.	4.11	4.75	4.77	5.37
Linseed meal	do.	4.26	4.55	4.42	5.01
Meat scrap	do.	6.15	6.56	6.29	6.56
Bran	do.	2.86	3.31	3.58	4.02
Middlings	do.	3.00	3.47	3.76	4.09
Alfalfa hay, baled	Ton	31.80	34.10	33.20	39.10
Prices paid by farmers for feed, Index number (1935-39=100)		191	224	223	242
Average value of concentrate ration fed to poultry and milk cows 1/					
Fed to poultry	Cwt.	3.40	4.00	3.99	4.24
Fed to milk cows in milk selling areas	Cwt.	3.01	3.54	3.62	3.87
Fed to milk cows in cream selling areas	Cwt.	2.62	3.21	3.26	3.45

1/ Value of the corn, oats, oil meal, milk feed, commercial mixed feed, etc., making up 100 pounds of "grain" ration.

reflect some tightening in the feed supply situation and a continued strong demand for feed. Feed prices probably will continue higher than a year earlier at least until the prospect for 1952 crops is clear.

The index of prices received by farmers for all livestock, poultry and livestock products on March 15 was down about 10 percent from March a year ago; however, prices of eggs and hogs were around 22 percent lower and beef cattle about 7 percent lower. Milk and butterfat prices were up 8 and 13 percent respectively. Returns per dollar of feed for most livestock are lower than either a year ago or six months ago (table 4). They are much below average for hogs and eggs. Returns for beef cattle are lower than last year, but still well above the 1935-39 average. Returns for sheep are down from the high levels of a year ago and are now about 3 percent above average. Returns for milk are 1 percent above average while returns from butterfat dairying are 4 percent above average and 15 percent above a year ago. These changes represent a relative decline in position compared with March 1951 for eggs, hogs, beef cattle and sheep, and an improvement in position for butterfat dairying.

Separate data are not available for returns to the broiler industry, but production has been expanding rapidly indicating that returns in this enterprise have been favorable. The Maryland State Department of Markets reported for the week of March 13, 1952, a price of 26.0 cents a pound for broilers and 5.51 cents per pound for feed. This is a return of $1.35 per $1.00 of feed, assuming 3½ pounds of feed fed per pound of broiler. This compares with a return of $1.42 in the last week of September 1951. Prices of broilers at that time were 26.5 cents and feed 5.33 cents per pound.

Seeds

Retail prices of 19 out of 29 seeds of legumes, grasses, and seed grains were higher on March 15 than a year earlier, and 13 of them were higher also than the 1946-50 average. Prices were higher this year than last, and also above the 5-year average,for common and Grimm alfalfa, alsike clover, Korean and Kobe lespedeza, common ryegrass, crested wheatgrass, orange sorgo, corn, and the seed grains. On the other hand, lower prices this year than last, and also lower than the average, were reported for sweetclover, white clover, Ladino clover, and timothy seeds. Largest (41 to 86 percent) advances over last year's prices were made by Korean lespedeza, orange sorgo, crested wheatgrass, Kobe and sericea lespedeza. Prices declined for nine kinds, namely, improved varieties of alfalfa, white clover, orchard grass, Kentucky bluegrass and Sudangrass, Ladino clover, sweetclover, and redtop. These dropped 3 to 16 percent below the mid-March prices of last year.

Table 4.- Returns per $1.00 of feed cost, United States
March 15, 1952, with comparisons 1/

Item	1935-39 average	March 15, 1950	March 15, 1951	Sept. 15, 1951	March 15, 1952
	Dollars	Dollars	Dollars	Dollars	Dollars
Eggs	1.72	1.33	1.56	1.97	1.14
Chickens	1.84	1.56	1.61	1.41	1.31
Milk	1.92	1.82	1.94	2.03	1.94
Butterfat	1.55	1.42	1.40	1.53	1.61
Hogs	1.50	1.65	1.64	1.48	1.24
Beef	1.39	2.11	2.53	2.60	2.21
Sheep	1.44	1.67	2.64	2.04	1.49
	(Index numbers 1935-39=100)				
	Percent	Percent	Percent	Percent	Percent
Eggs	100	77	91	115	66
Chickens	100	85	88	77	71
Milk	100	95	101	106	101
Butterfat	100	92	90	99	104
Hogs	100	110	109	99	83
Beef	100	152	182	187	159
Sheep	100	116	183	142	103

1/ The following quantities of feed were used in calculating feed cost: 7 pounds of poultry ration per dozen eggs; 4½ pounds of poultry ration per pound of chicken; 7½ bushels of corn plus 20 pounds of soybean meal per 100 pounds of hogs; 30 pounds of concentrate ration fed to milk cows in milk selling areas plus the value of 110 pounds of hay, per 100 pounds of milk; 7½ pounds of concentrate ration fed to milk cows in cream selling areas plus the value of 27.5 pounds of hay in Minnesota and Iowa, per pound of butterfat; 3 bushels of corn plus 600 pounds of hay per 100 pounds of beef cattle; 2 bushels of corn plus 1,500 pounds of hay per 100 pounds of sheep and lambs. It was assumed that for each 100 pounds of sheep and lamb produced 20 pounds of wool was produced from the same feed. The quantity of hay for milk cows, beef cattle and sheep includes an allowance for silage and pasture. It was assumed that the feed nutrients from pasture would cost 1/4 as much per pound as they would if obtained from hay.

Supplies (production plus carry-over) of 29 legume and grass seeds at the close of the 1951 harvest totaled 1.36 billion pounds, 9 percent smaller than the record supply a year earlier, but nearly half again as large as the 10-year average. Supplies are a third or more above average for such legume seeds as alfalfa and red, sweet, white, and Ladino clover; such grasses as orchard grass, smooth brome grass, red and tall fescue, bentgrass, and Bermuda grass; and such winter cover crop seeds as Austrian Winter peas, hairy vetch, crimson clover, lupine, and ryegrass. The only kinds with supplies appreciably below average are alsike clover, lespedeza, timothy, redtop, crested wheatgrass, meadow fescue, rapeseed, and common, Willamette, and purple vetch. Supplies of these were a seventh or more below average. With few exceptions, current supplies of field seeds appear to be fully adequate to meet prospective demands and leave carry-over stocks of average size.

Production of legume and grass seeds declined in 1951. Had it not been for record carry-overs of a number of these seeds, supplies of some of them would now be smaller than the requirements in recent years plus quantities normally carried over.

The Department goals recommended larger production this year than in 1951 for each of the following kinds of seed; Northern and Central-grown alfalfa, red clover, Ladino clover, Kobe lespedeza, timothy, tall fescue, smooth bromegrass, crested wheatgrass, crimson clover, hairy vetch, common and Willamette vetch, lupine, and common ryegrass. But the Department has recommended a smaller production this year than last for white clover grown in Louisiana and Mississippi, and for orchard grass, and Sudangrass. If the 1952 goals for the 16 seeds mentioned are attained and imports and exports continue at current levels, supplies for planting during the 1952-53 season are expected to be adequate and still leave a sufficient carry-over.

Fertilizer

Fertilizer prices this spring probably will be 4 or 5 percent higher than last fall. In 1951 they averaged about 6 percent higher than in 1950.

Supplies of nitrogen (N), phosphates (P_2O_5) and potash (K_2O) combined probably will be only a little larger than in the 1950-51 cropping season. Supplies of nitrogen are expected to be about 7 percent above a year ago and those of K_2O about 5 percent higher. Because of the shortage of sulphur and sulphuric acid, supplies of manufactured phosphates may be as much as 5 or 6 percent smaller than in the 1950-51 season.

Nitrogen (N): During the 1950-51 cropping season approximately 1,285,000 tons of Nitrogen (N) were available for use by farmers. The supply for 1951-52 season is expected to be perhaps 7 percent higher, or about 1,375,000 tons, assuming net imports to be slightly above last year's levels. An increase in industrial demand, or a change in military requirements could reduce this margin of increase.

Phosphates (P_2O_5): Some curtailment is expected in the production of superphosphate because of the continued shortage of sulphur and sulphuric acid. Because of this situation, and assuming normal export-import relationships, the 1951-52 supply of P_2O_5 is estimated to approximate 2,100,000 tons or about 6 percent less than the quantity available in the 1950-51 cropping season.

The over-all demand for sulphur increased greatly during 1951. Some new facilities are now in operation to recover sulphur from various sources and others are being installed. However, these new facilities will not meet increased needs for sulphur for agricultural purposes.

Methods of conservation of crude sulphur by substitution of other sulphur-bearing materials have been recommended, as well as the use of substitutes where applicable.

Potash (K_2O): A record of 1,445,000 tons of K_2O were available for use in the 1950-51 cropping season. Although a program for a substantial expansion in output is under way in the Carlsbad, New Mexico area the additional supplies which are expected from these new facilities will not greatly affect the total tonnage available by mid-summer 1952. For the present, it seems conservative to estimate that a supply of about 1,515,000 tons may be available for the year 1951-52. This is an increase of about 5 percent compared with a year earlier.

More information is needed on crop responses to each nutrient at different levels of the other nutrients. However, present estimates of desirable ratios of fertilizer nutrients as developed by Joint Land-Grant College - U.S.D.A. State Productive Capacity Committees reflect the need for more nitrogen in relation to phosphate and potash. For corn these estimates generally indicate that it would be more profitable to use a pound of nitrogen (N) for each pound of P_2O_5 and each 3/4 pound of K_2O instead of the present estimated rate of 1 pound of N for each 1.7 pound of P_2O_5 and 1.1 pound of K_2O. Corn now receives a little more than 1/4 of the nitrogen (N) applied for all crops, but estimates of the most profitable distribution indicate that by 1955 this percentage probably would be raised to about one-third.

Building Materials, Supplies and Containers

Prices paid by farmers for building and fencing materials were 5 percent higher in December 1951 than a year earlier. However, most of this increase took place between December 1950 and March 1951.

Prices of farm building materials were at their peak last summer. At that time the materials (other than sand and gravel) used in the construction of a typical poultry house large enough for 200 layers (16'x48') would have cost $802. In 1940 the same bill of materials would have cost slightly less than $300. The comparable figure for last December was $799, only $3 below the record high.

Fencing materials are even higher now than they were last summer. The materials required to build a mile of woven wire fence with two strands of barbed wire would have cost $682 in December 1951 compared with $675 in June 1951 and $295 in 1935-39. A cheaper fence consisting of 4 strands of barbed wire now requires $469 worth of materials in contrast with $193 worth in 1935-39.

The demand for lumber seems to have increased in recent weeks as it became apparent that limitations on the use of certain scarce materials for civilian purposes will not be as restrictive as had been predicted earlier. Although lumber prices may advance some more, many other items will be more plentiful than had been expected and some may be lower in price.

The supply of containers is expected to be adequate to meet farm requirements in 1952. Production of glass containers and paper board has been curtailed because current orders do not warrant capacity output.

Pesticides

Supplies of pesticides for the 1952 crop year are expected to be approximately equal to anticipated requirements at prices not greatly different from those which prevailed in 1951. Supplies of products containing copper and sulphur may not be sufficient to fill all demands, but alternate materials will be generally available. Manufacturers' prices of most pesticidal materials except 2,4-D and aldrin have remained almost unchanged for the past year. Prices of 2,4-D now average about 15 percent higher and prices of aldrin average about 9 percent lower than a year ago.

Preliminary reports from manufacturers and from PMA State Committees show that the total quantity of pesticides manufactured and sold in 1951 was greater than in 1950. The carry-over of many of the important pesticides at the end of the 1951 crop season was larger than a year earlier. Manufacturers' stocks of some pesticides were larger and inventories held by retailers and farmers also appeared to be larger. Generally the supply situation is better than at this time last year.

Barring unexpected outbreaks of insects or diseases, the total consumption of pesticides in 1952 is expected to be about 9 percent higher than in 1951. Many growers now follow a fairly definite spraying program so that their needs generally can be anticipated. However, unanticipated outbreaks of insects and plant diseases in local areas may increase the demand for some insecticides and fungicides, and require changes in their usual distribution pattern.

Pesticides containing sulphur and copper may be in tight supply. With improved lead supplies there should be sufficient lead arsenate for all expected uses. Dithiocarbamates and other organic fungicides can partially replace sulphur and copper compounds in plant disease control. Parathion, TEPP, or tradename products can be used as alternates for sulphur in the control of mites.

The suggestion that farmers buy their supplies early in the season is still appropriate. Timely application of control materials is important in minimizing losses from insects and diseases, and unless farmers have their supplies of materials on hand they may not be able to obtain the materials of first choice when needed. The desirability of having the pesticides when needed usually more than offsets any gain which might accrue if prices should be reduced late in the season to clean up dealers' stocks.

Interest, Taxes, and Insurance

Interest payments - Total interest charges on farm-mortgage debt in 1952 are expected to be about 8 percent higher than in 1951 and about 18 percent above 1950. A substantial increase in farm-mortgage debt is the principal cause of the higher interest charges. Further increases in farm-mortgage debt are expected in 1952 but the rate of increase probably will be less than it was in 1951.

The average interest rate on farm-mortgage debt in 1952 is expected to be slightly higher than the estimated 4.7 percent paid in 1951. During the last year there were some increases in farm-mortgage interest rates charged by lenders other than the federally sponsored agencies and the share of the total farm-mortgage debt held by them increased slightly.

Interest charges on farmers' non-real-estate debt (except Commodity Credit Corporation loans) are expected to be about 15 percent more in 1952 than in 1951. It is doubtful if the expansion of credit in 1952 will be as sharp as that which occurred in 1950 and 1951. Notwithstanding any tendency for farmer-borrowing to level off, interest costs would remain up in 1952 because of the large backlog of outstanding debt at the beginning of the year. The non-real-estate loans held by banks and federally sponsored agencies on January 1, 1952 was about 25 percent above a year earlier. The rate of interest on short-term loans is not expected to change appreciably.

Taxes - In most States, farmers may be expected to pay higher taxes in 1952 than in the previous year. All levels of Government--Federal, State, and local--are finding a need for increased revenues, although a few States and localities are presently collecting less taxes than they did a year ago.

Property taxes continue to be the chief source of revenue for most local governments, and also an important source for some State treasuries. Preliminary indications are that farm real estate taxes levied in 1951 and payable largely in 1952 will average 3 or 4 percent higher than in the preceding year. Thus farm real property levies may be expected to set a new all-time record. Taxes on personal property also are expected to be higher.

Taxes that farmers pay, other than those on property, probably will be somewhat higher in 1952. Nearly all State legislatures met in regular or special session in 1951, and the net effect of the large volume of legislation enacted will be to increase farmers' total tax bill. Many bases of taxes, or their rates, were upped, and their full impact will be felt for the first time in 1952.

Special excises on alcoholic beverages, tobacco, and particularly gasoline, were increased by a number of State legislatures. The income tax rates were raised in a number of cases, but it is notable that some States reduced the effective rates. General sales taxes were introduced for the first time in several States, and will be fully reflected in the total amount of taxes farmers will pay in 1952.

The Federal Government increased income tax rates effective late in 1951, raised the gasoline tax one-half cent per gallon, and extended the use of special excises to additional items. On the other hand, a few concessions, of particular application to farmers, were provided taxpayers in the income tax law, and several excises were removed. Still, Federal income tax payments of farmers in 1952 (on income earned the preceding year) are expected to surpass the payments made in 1951.

Although there were a number of tax decreases instituted by Federal, State, and local governments last year, the general pattern of the farm tax bill for 1952 will be upward.

Insurance - The amount of insurance carried by 1,842 farmers' mutual fire insurance companies (348 of which also carry windstorm insurance) increased about 11 percent during 1951, compared with a 10 percent increase in 1950. The insurance in force of such companies amounted to about $28 billion at the end of 1951.

Losses paid by these farm mutuals also increased, primarily because of the increased insurance carried. The loss rate, however, increased only to 15.3 cents per $100 of insurance in 1951, compared with 14.6 cents in 1950.

The total operating expenses of these companies, although higher in 1951, were about the same as in 1950 when a comparison is made on the basis of a fixed amount of insurance. They amounted to about 8.5 cents per $100 of insurance in 1951, compared with 8.4 cents in 1950. The net cost of the insurance to farmers may be considered as the sum of losses paid and operating expenses. On this basis, the "cost" was about 23.8 cents per $100 of insurance in 1951, or about 3 percent more than in 1950.

The reserves of farm mutuals were more than $147 million at the end of 1951, or 6 percent greater than at the end of 1950. However, such reserves amounted to only about 52.3 cents per $100 of insurance at the end of 1951, compared with 54.7 cents at the end of 1950--a 4 percent decrease.

Federal crop insurance was offered in 810 counties in 1951 and was used by an estimated 343,210 farmers. Premiums amounted to about $19.5 million, compared with indemnities paid of about $20 million. In 110 of the 810 counties, 1951 premiums were reduced because of a favorable county-reserve position, based on favorable loss experience of the Federal Crop Insurance Corporation; while in 56 counties premiums were increased because of an unfavorable reserve position and loss experience. Since its adoption in 1948, the plan of multiple-crop insurance has been expanded to additional counties more rapidly than has any of the single-crop plans. Under the multiple-crop contract, protection of the total investment in several crops is available.

Preliminary reports indicate that farmers paid out more than $50 million in hail insurance premiums on growing crops in 1951, or about 20 percent more than they did in 1950. On the other hand, farmers received more than $30 million in loss payments for hail damage to their crops.

U. S. Department of Agriculture
Washington 25, D. C.

OFFICIAL BUSINESS

BAE-FCS-12-4/52-2500
PERMIT NO. 1001

Penalty for private use to avoid
payment of postage $300